

ENFORCEMENT OF PAYMENT OF CIGARETTE TAX BY MONETARY PENALTIES*

*Penalties listed are in addition to the tax due. Does not include penalties for contraband cigarettes; counterfeit, reused, or unauthorized sale of stamps; or delivery sales, inspection, or recordkeeping violations. Most states have provisions allowing for the revocation and suspension of stamping/wholesale licenses for violations.

<u>State</u>	<u>Tax Rate</u>	<u>Stamps?</u>	<u>Civil Penalties</u>	<u>Criminal Penalties**</u>	<u>Other Comments</u>
Virginia	\$0.30	Yes	<p>Improper sale of unstamped by wholesaler (up to \$500 per pack)</p> <p>Failure to affix (\$2.50 per pack, up to \$500, for the first violation by a legal entity within a 36 month period, \$5 per pack, up to \$1,000, for the second violation by the legal entity within a 36 month period, and \$10 per pack, up to \$50,000, for the third or subsequent violation by the legal entity within a 36 month period)/ With willful intent to defraud (\$25 per pack, up to \$250,000)</p> <p>Possession/sale/etc. except as provided by law (same as above)</p>	<p>Rarely used</p> <p>Improper sale of unstamped by wholesaler (M)</p> <p>Possession/sale/etc. for purposes of evading tax (M/ 3,000 packs or more = F)</p>	Retailer can avoid penalty if Wholesaler signs an affidavit that it is liable
North Carolina	\$0.45	No	No specific civil penalties	General violation of Cigarette Tax laws (M)	Unauthorized cigarettes subject to seizure***
South Carolina	\$0.57	No	No specific civil penalties	General violation of business tax laws (M- up to \$5,000 and/or up to 2 years imprisonment)	<p>General penalties that apply to many taxes are also applicable to the Cigarette Tax</p> <p>Unauthorized cigarettes subject to seizure***</p>
Tennessee	\$0.62	Yes	No specific civil penalties	<p>Sell, distribute tobacco products without a license (M)</p> <p>Sell or possess unstamped cigarettes in violation of the law (M/ more than 25 cartons = F)</p>	Unauthorized cigarettes subject to seizure***

Kentucky	\$0.60	Yes	Uniform civil penalty of a total of \$500 for any violation of law	Willfully fail to pay taxes with intent to evade (F)	Uniform Civil Penalty Act that apply to many taxes are also applicable to the Cigarette Tax
Maryland	\$2.00	Yes	No specific civil penalties	<p>Willfully possesses or sells unstamped cigarettes in violation of the law (M= 30 cartons or less- fine up to \$500 and/or up to 3 months imprisonment; more than 30 cartons- fine up to \$1,000 and/or up to 1 year imprisonment)</p> <p>Willfully transports unstamped cigarettes in violation of the law (F= fine up to \$50 a carton or up to 2 years imprisonment)</p>	
West Virginia	\$0.55	Yes	No specific civil penalties	Sell unstamped cigarettes/ Possession by a retailer or other person of unstamped cigarettes (M= \$1,000- \$25,000 fine)	
Washington, D.C.	\$2.50	Yes	General violation of cigarette tax law or regulations (assess tax due on unstamped cigarettes or in other cases up to 500% of the retail value of the cigarettes involved or \$5,000)	General penalties that apply to many taxes are also applicable to the Cigarette Tax	<p>General penalties that apply to many taxes are also applicable to the Cigarette Tax</p> <p>Can revoke or suspend both retail sales licenses and cigarette business licenses for violations. 2 or more violations and stamping license must be revoked for minimum of 1 year</p>
Alabama	\$0.425	Yes	Failure to affix (State= \$25 to \$500 per pack; locals may also assess= \$100 to \$500 per pack)	Possession/sale/etc. for purposes of evading tax (M- fine of at least \$25 and may add 30 days to 60 days imprisonment)	

Alaska	\$2.00	Yes	No specific civil penalties	Sell unstamped cigarettes with reckless disregard (M/5,000 packs or more =F) Unauthorized possession of stamps (M)	
Arizona	\$2.00	Yes	Intentionally fail to comply with cigarette law (\$1,000) Intentionally fail to pay over cigarette tax (An additional civil penalty of 10% of the unpaid tax)	Wholesaler sells/distributes untaxed cigarettes (M) Any person transporting or selling 10,000 or more unstamped cigarettes (F) Criminal intent to evade taxes (F and fine of 300% retail value of the cigarettes)	If cigarettes packs bear no visible stamps, the retailer is advised to return the packs to wholesaler for re-stamping, only in extenuating circumstances are the packs seized.
Arkansas	\$1.15	Yes	Failure to apply tax (10% of the tax) Attempt to evade the tax (Not more than 50% of the tax) If found guilty of the criminal offense, may be subject to a civil penalty of \$25 a pack	Unlawful sale/possession of unstamped cigarettes (M/ F = tax value of \$100 or more)	Unstamped cigarettes subject to seizure***
California	\$0.87	Yes	Nonpayment of stamps/ Negligence (10% of the tax) Intentional disregard of law with intent to evade or fraud (35% of the tax)	Possession/sale/etc. of unstamped cigarettes (M with fines) Possession/sale/etc. for purposes of evading tax of \$25,000 or more(F)	Penalties are capped at 10% of the amount of tax due for each return unless fraud or intent to evade (additional 25%). Reasonable cause will relieve wholesaler of penalties.
Colorado	\$0.84	Yes	Possession of unstamped cigarettes except by a licensed wholesaler (Up to 25¢ per cigarette)	Willfully evasion or defeat of tax (F/\$100,000 fine for an individual or \$500,000 for a corporation)	Unauthorized cigarettes subject to seizure***

Connecticut	\$3.40	Yes	<p>Deficiency of stamps due to negligence or intentional disregard (10% of the deficiency or \$50)</p> <p>Deficiency of stamps due to fraudulent intent to evade taxes (25% of the deficiency)</p>	<p>Knowingly sell unstamped cigarettes (Up to \$1,000 fine and/or up to 1 year imprisonment; 20,000 or more cigarettes- up to \$5,000 fine and/or 1 to 5 years imprisonment)</p>	Unauthorized cigarettes subject to seizure***
Delaware	\$1.60	Yes	No specific civil penalties	<p>Sell untaxed cigarettes (Up to \$1,000 fine and/or up to 1 year imprisonment)</p> <p>Failure to affix, etc. (\$100 to \$1,000 fine and/or up to 90 days imprisonment)</p>	Unauthorized cigarettes subject to seizure and destruction***
Florida	\$1.339	Yes	Failure to pay tax (500% of the tax)	<p>Possession/ transport/sell unstamped cigarettes (M/ 2nd or subsequent offense = F)</p> <p>Willful attempt to evade taxes(M/ 2nd or subsequent offense = F)</p>	Unauthorized cigarettes subject to seizure***
Georgia	\$0.37	Yes	<p>Nonpayment of tax (10% of the deficiency)</p> <p>Unlawful possession of unstamped cigarettes (up to \$25 a carton)</p>	Transportation of unstamped cigarettes with the intent to evade(M)	Unauthorized cigarettes subject to seizure***
Hawaii	\$3.20	Yes	No specific civil penalties	<p>Knowingly possess 1,000 or more unstamped cigarettes or sell less than 1,000 unstamped cigarettes (M and up to \$25,000 fine)</p> <p>Knowingly possess 3,000 or more unstamped cigarettes or sell 1,000 or more unstamped cigarettes (F and up to \$50,000 fine)</p>	<p>General penalties that apply to many taxes are also applicable to the Cigarette Tax</p> <p>Criminal penalties are for non-licensees and the fines are only if its a corporation</p>

Idaho	\$0.57	Yes	<p>Possession of unstamped cigarettes (300% of tax, minimum of \$50)</p> <p>General violation of cigarette tax law or regulations (assess tax due on unstamped cigarettes or in other cases up to 500% of the retail value of the cigarettes involved or \$5,000)</p>	<p>General violation of cigarette tax law or regulations (Up to \$1,000 fine and/or up to 1 year imprisonment)</p>	<p>Violations of Cigarette Tax law are subject to the penalty provisions of the Income tax laws</p>
Illinois	\$0.98	Yes	<p>Possession of unstamped cigarettes (\$20 per pack for 10-100 packs, \$25 for each pack in excess of 100 packs)</p>	<p>Improper sale of unstamped cigarettes by distributor (M, 100 or more packs =F)</p> <p>Possession or sale of unstamped cigarettes by non-distributor (M, 251 or more packs =F, 2nd and subsequent offense of 101 or more packs =F)</p>	<p>Unauthorized cigarettes subject to seizure***</p>
Indiana	\$0.995	Yes	<p>No specific civil penalties</p>	<p>Sell or intend to sell unstamped cigarettes (M)</p> <p>Recklessly violate Cigarette Tax laws (M)</p> <p>2nd or subsequent offense and knowingly possess more than 12,000 unstamped cigarettes (F)</p>	<p>Unauthorized cigarettes subject to seizure***</p>

Iowa	\$1.36	Yes	<p>Possession of unstamped cigarettes (\$200 for 1st offense of 40-400 cigarettes, \$500 for 1st offense of 401-2,000 cigarettes, and \$25 per pack for more than 2,000 cigarettes) (\$400 for 2nd offense of 40-400 cigarettes, \$1,000 for 401-2,000 cigarettes, and \$35 per pack for more than 2,000 cigarettes) (\$600 for 3rd offense of 40-400 cigarettes, \$1,500 for 401-2,000 cigarettes, and \$45 per pack for more than 2,000 cigarettes)</p> <p>General violation of Cigarette Tax law (\$200 for 1st offense, \$500 for 2nd offense within 3 years, \$1,000 for 3rd offense within 3 years)</p>	Unlawful acts are provided by statute, including possession of unstamped cigarettes, however, no specific penalties are set out	Unauthorized cigarettes subject to seizure***
Kansas	\$0.79	Yes	General violation of Cigarette Tax laws, including sell unstamped cigarettes and knowingly possess more than 200 unstamped cigarettes (100% of the tax)	General violation of Cigarette Tax laws, including sell unstamped cigarettes and knowingly possess more than 200 unstamped cigarettes (M= up to \$1,000 fine and/or up to 1 year imprisonment)	
Louisiana	\$0.36	Yes	Failure to affix stamps (\$1 per pack for 1 st offense, \$5 per pack for 2 nd offense, \$10 per pack for 3 rd offense, and \$20 to \$100 per pack for subsequent offenses within 5 years)	Possession or selling unstamped cigarettes (fine and/or imprisonment)	Unauthorized cigarettes subject to seizure***
Maine	\$2.00	Yes	No specific civil penalties	Unlawful acts are provided by statute- including importation or sell of unstamped cigarettes, specific penalties are set out in the Criminal Code	Unauthorized cigarettes subject to seizure***
Massachusetts	\$2.51	Yes	Unauthorized possession of cigarettes (not more than \$5,000 for each violation)	Knowingly possess/transport/sell unstamped cigarettes (Up to \$1,000 fine and/or up to 1 year imprisonment; 12,000 or more cigarettes- up to \$5,000 fine and/or up to 5 years imprisonment)	Unauthorized cigarettes subject to seizure***

Michigan	\$2.00	Yes	<p>Unauthorized sale of unstamped cigarettes (500% of the tax)</p> <p>If found guilty of the crime of unauthorized possession of less than 600 unstamped cigarettes may be subject to a civil penalty of up to \$100</p>	<p>Possession or selling unstamped cigarettes (M= fine of up to \$1,000 or 500% of the retail value, whichever is greater, and/or up to 1 year imprisonment)</p>	<p>Unauthorized cigarettes subject to seizure***</p>
Minnesota	\$1.586	Yes	<p>Negligence or intentional disregard of rules with intent to defraud (10% of the tax)</p> <p>Attempt to evade tax (50% of tax)</p>	<p>Possession of unstamped cigarettes by other than a licensed distributor (M= less than 5,000 cigarettes, 5,000-20,000 =gross M, more than 20,000 =F)</p>	<p>Retail Sales permit may be revoked if purchase unstamped cigarettes for resale</p>
Mississippi	\$0.68	Yes	<p>General violation of Cigarette Tax laws (50% of the tax- may be waived for good cause)</p>	<p>No specific criminal penalties</p>	<p>General penalties that apply to sales tax are also applicable to the Cigarette Tax</p> <p>Unauthorized cigarettes subject to seizure***</p>
Missouri	\$0.17	Yes	<p>Failure to affix (100% of the tax)</p>	<p>General violation of Cigarette Tax law or regulations (M= up to \$500 fine and/or up to 1 year imprisonment)</p>	<p>Unauthorized cigarettes subject to seizure***</p>
Montana	\$1.70	Yes	<p>General penalty for failure to pay tax (1.2% a month, up to 12%; where willful- a court can assess 300% of the tax)</p> <p>Specific civil penalties for contraband</p>	<p>Knowing or purposefully violating Cigarette Tax laws (M= up to \$1,000 fine and/or up to 1 year imprisonment; 2nd or subsequent offense- up to \$50,000 fine and/or more than 1 year imprisonment =F)</p>	
Nebraska	\$0.64	Yes	<p>Failure to pay use tax (25% of tax)</p> <p>Violations of Cigarette Tax Act (up to \$1,000)</p>	<p>General violation of Cigarette Tax laws (F)</p>	<p>Unauthorized cigarettes subject to seizure***</p>
Nevada	\$0.80	Yes	<p>Failure to pay tax (10% of the tax)</p>	<p>Possession of unstamped cigarettes for sale (F)</p>	
New Hampshire	\$1.68	Yes	<p>No specific civil penalties</p>	<p>Failure to file return and pay tax(F)</p> <p>Sale/transport/possess/etc. unstamped cigarettes (F)</p>	<p>Unauthorized cigarettes subject to seizure***</p>

New Jersey	\$2.70	Yes	<p>Unauthorized possession by retailer/wholesaler (up to \$250 per carton)</p> <p>Failure to pay tax (5% of the underpayment each month unpaid, capped at 25%)</p> <p>Civil Fraud (50% of the tax)</p>	<p>Possession by non-licensee of 2,000 or more unstamped cigarettes(M= Up to \$500 fine and/or up to 6 months imprisonment; 20,000 or more cigarettes- up to \$1,000 fine and/or up to 1 year imprisonment)</p> <p>Sale of unstamped cigarettes(M= Up to \$1,000 fine and/or up to 1 year imprisonment)</p>	Unauthorized cigarettes subject to seizure***
New Mexico	\$1.66	Yes	<p>Knowingly fail to comply with Cigarette Tax laws(\$1,000 for 1st offense, \$1,500 - \$2,500 for 2nd offense, \$5,000+ for subsequent offenses) (No reset)</p> <p>Failure to pay tax (500% of the tax)</p>	<p>Failure to comply with Cigarette Tax laws with intent to defraud the state (F)</p> <p>General violation of Cigarette Tax laws (M)</p>	Unauthorized cigarettes subject to seizure***
New York	\$4.35	Yes	<p>Failure to pay the tax (50% of the tax/ fraud = 200% of the tax; additional penalty of up to \$150 for each 200 cigarettes-pro-rated- over 1,000 unstamped cigarettes possessed or \$30-\$200 each 200 cigarettes-pro-rated- over 1,000 and up to 5,000 unstamped cigarettes)</p>	<p>Willfully attempt to evade/ possess/ sell 10,000 cigarettes or more (F)</p>	Anecdotally- prefer to use criminal sanctions
North Dakota	\$0.44	No	No specific civil penalties	<p>Unlawful acts are provided by statute, including possession of unstamped cigarettes, however, no specific penalties are set out</p>	Unauthorized cigarettes subject to seizure***
Ohio	\$1.25	Yes	No specific civil penalties	<p>Failure to affix (M/ 2nd or subsequent offense = F)</p> <p>Possession of unstamped cigarettes (1,200 or less cigarettes-M/ more than 1,200 cigarettes- F)</p> <p>General violation of other Cigarette Tax laws (M)</p>	<p>If a motor vehicle was used in the violation, the person's driver's license is suspended for at least 30 days</p> <p>Unauthorized cigarettes subject to seizure***</p>

Oklahoma	\$1.03	Yes	<p>Possession of unstamped cigarettes by retailer (200% of the tax)</p> <p>Knowing or intentionally selling unstamped cigarettes (\$200, if by a wholesaler or retailer- up to \$10,000 for 1st offense, up to \$20,000 for 2nd offense) (No Reset)</p> <p>Consumption of unstamped cigarettes by consumer (\$200 fine)</p> <p>Knowingly violate the Cigarette Tax laws with intent to defraud (Up to \$10,000 and 500% of the tax)</p>	No specific criminal penalties	Unauthorized cigarettes subject to seizure***
Oregon	\$1.18	Yes	General violation of Cigarette Tax laws (Up to \$1,000)	General violation of Cigarette Tax laws (M)	Unauthorized cigarettes subject to seizure***
Pennsylvania	\$1.60	Yes	<p>Violation of stamping laws (\$2,500-\$5,000 for 1st offense, \$5,000 - \$15,000 or subsequent offenses) (No Reset)</p> <p>Incorrectly labeled or stamped cigarettes (200% of the retail value or \$2,500)</p>	<p>Sale of unstamped cigarettes (M- \$100 to \$1,000 and/or up to 60 days imprisonment)</p> <p>Sale of unstamped cigarettes with intent to evade tax (F- up to \$15,000 and/or up to 5 years imprisonment)</p>	<p>Dealers, wholesalers, and retailers can have licenses revoked for noncompliance and violations of the law</p> <p>Unauthorized cigarettes subject to seizure***</p>

Rhode Island	\$3.46	Yes	<p>Neglect or refuse to comply with Cigarette Tax laws (Greater of 500% of the retail value or \$1,000)</p> <p>Failure to pay tax (500% of the tax)</p>	<p>Unlawful possession of unstamped cigarettes (M- \$150-\$500 and/or up to 1 year imprisonment)</p> <p>Unlawful sale of unstamped cigarettes (Greater of 500% of the retail value or \$1,000 and/or up to 3 years imprisonment)</p> <p>General violation of Cigarette Tax laws (Up to \$1,000; Knowingly- up to \$5,000 and/or up to 1 year imprisonment; Intent to defraud- up to \$10,000 and/or up to 5 years imprisonment)</p>	Unauthorized cigarettes subject to seizure***
South Dakota	\$1.53	Yes	Possession of 2,000 or more unstamped cigarettes (10% of the tax)	Sell or intend to sell unstamped cigarettes (M/ 2 nd or subsequent offense =F)	Unauthorized cigarettes subject to seizure***
Texas	\$1.41	Yes	<p>General penalty for failure to pay tax (5% of the tax each 30 days late, minimum of \$50)</p> <p>General violation of Cigarette Tax laws (Up to \$2,000 for each violation- Attorney General brings suit for penalties)</p>	<p>Unlawful possession of unstamped cigarettes (M/ 10,000 or more cigarettes = F)</p> <p>Sale of unstamped cigarettes or knowingly consuming unstamped cigarettes (M)</p>	Unauthorized cigarettes subject to seizure***
Utah	\$1.70	Yes	Failure to affix stamps (Up to \$25 a pack)	No specific criminal penalties	Unauthorized cigarettes subject to seizure***
Vermont	\$2.62	Yes	No specific civil penalties	Possession of more than 10,000 unstamped cigarettes/ Sale or Intent to sell unstamped cigarettes (Up to \$1,000 fine and/or up to 1 year imprisonment; Tax value of more than \$500 in tax due- up to \$10,000 fine and/or up to 3 years imprisonment)	Unauthorized cigarettes subject to seizure***
Washington	\$3.025	Yes	Failure to affix stamps (Greater of up to \$10 a pack or \$250- may be waived for good cause)	Sell or Possess unstamped cigarettes unlawfully (M)	Unauthorized cigarettes subject to seizure***

Wisconsin	\$2.52	Yes	No specific civil penalties	<p>Attempt to evade the tax (Up to \$10,000 fine and/or up to 9 months imprisonment)</p> <p>Unlawful possession of unstamped cigarettes (Up to \$200 fine and/or up to 6 months imprisonment; 6,001 to 36,000 cigarettes- up to \$1,000 fine and/or up to 1 year imprisonment; More than 36,000 cigarettes =F)</p> <p>General violation of Cigarette Tax rules (\$100-\$500 and/or up to 6 months imprisonment)</p>	Unauthorized cigarettes subject to seizure***
Wyoming	\$0.60	Yes	<p>Violation of Cigarette Tax laws to willfully or intentionally evade the tax (Up to 500% of the retail value of the cigarettes involved or \$1,000)</p> <p>Failure to pay tax (500% of the tax)</p>	<p>Violation of Cigarette Tax laws to willfully or intentionally evade the tax (M- \$100 and/or up to 6 months imprisonment)</p> <p>Failure to comply with Cigarette Tax laws with intent to defraud (M- \$10,000 and/or up to 1 year imprisonment)</p>	Unauthorized cigarettes subject to seizure***

** M= misdemeanor; F= felony

*** States have a variety of treatments for seized cigarettes including forfeiture and auction sales, destruction, or redemption by the wholesaler (Indiana allows the wholesaler to either stamp the cigarettes which are then sold or redeem for 50% of the tax). Many states also provide for the seizure of machines, equipment, and motor vehicles involved in the violation.